



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.08

Voluntary Report - public distribution

Date: 11/7/2006

GAIN Report Number: GR6013

Greece

Cotton and Products

Developments in 2006 Greek Cotton Production

2006

Approved by:

Robin Gray
U.S. Embassy Rome

Prepared by:

Stamatis Sekliziotis

Report Highlights:

Low yields, bad weather and EU policy changes have all combined to have a large impact on Greek cotton production in 2006 and in the future.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
Rome [IT2]
[GR]

Table of Contents

Executive Summary 3

Production 3

Policy 3

PS&D Table, Cotton 4

Executive Summary

Production

Greek area planted with cotton in 2006 is currently reported at 382,500 Hectares, which is an increase from that reported in GR 6008, July 2006. National yields are dropping this year by 30 – 40 percent when compared to those reported in 2005. The decline in yields is due to adverse conditions prevailing this year – primarily disease during maturation and storms and flooding during harvest. Output per hectare will be in the neighborhood of 1,030 Kg/Ha on a cotton lint basis. In some traditional cotton growing prefectures, such as the western Thessaly Plain and the prefecture of Magnisia, a drop in yields could be over 40 percent on a cotton-seed basis.

On a positive note, weather between October 18th and October 30th was dryer, which allowed farmers to proceed with harvest. Cotton millers, desperate for raw material, grasped the opportunity provided by the recent good weather and offered better prices to farmers, reportedly up to 0.33 Euros/Kg for deliveries at the plant and 0.2905 Euros/Kg for cotton delivered at the farm gate. This provided a key incentive to intensify harvesting.

However, forecasts again predict more rainy days that may last until mid-November. This adverse weather results in fields that are too wet to properly harvest. The cotton remaining in the field is dramatically deteriorating and many farmers are not willing to harvest some of their land. The area left unharvested, due to adverse weather, is estimated at 30 percent of the spring 2006 planting. This, along with the reduced yields reported in the field, mean that the total Greek output in 2006 will be between 850,000 - 900,000 MT for seed cotton harvest, or 300,000 - 315,000 MT for lint.

Farmers, disappointed with their crop this year are looking forward to 2007 and considering options, including sticking with cotton and hoping for better weather, shifting to corn or durum wheat, or even abandoning farming.

Policy

Following the recent European High Court ruling in September, 2006, which held that the EU's cotton aid regime must be scrapped, Greek Cotton Farmer Organizations urged the GOG to take action in Brussels. Farmer organizations in Spain, Portugal, Italy and France have also encouraged their governments to support action in Brussels. The EU cotton program, which was drawn up after difficult negotiations in 2004, favored a subsidy system coupled to production. According to the press and other sources, the EU-executive bodies will begin working this fall to respond to the ruling, most likely including an impact study.

Greek Cotton Farmer Organizations are closely monitoring any related developments. Reportedly during the week of October 30th, Spanish efforts to pressure for new reform of the cotton CAP broke. The failure could primarily be attributed to friction between farmers and millers over the low starting prices, reported at 0.21 Euros/Kg. Such EU policy developments will determine the size of the Greek cotton crop in the coming years, and could result in adverse socioeconomic impacts that are difficult to quantify at this stage. Some farming organizations, have asked the GOG to bring tobacco and olive oil CAP Reform policies back to the table. These reforms have resulted in deep divisions between the EU's Mediterranean members, who have benefited from the subsidies, and the northern European member states.

PS&D Table, Cotton

PSD Table

Country Commodity	Greece			Cotton			(HECTARES)1000 480 lb. Bales(
	2005	Revised		2006	Estimate		2007	Forecast	
	USDA	Post	Post	USDA	Post	Post	USDA	Post	Post
	Official	Estimate	Estimate	Official	Estimate	Estimate	Official	Estimate	Estimate
Market Year Begin		08/2005	08/2005		08/2006	08/2006		08/2007	08/2007
Area Planted	0	358	0	0	350	382	0	0	377
Area Harvested	355	356	355	370	349	300	0	0	360
Beginning Stocks	480	17	17	675	70	150	745	109	44
Production	1975	1984	1975	2000	1938	1417	0	0	2003
Imports	20	9	91	20	14	220	0	0	10
MY Imports from U.S.	0	2	0	0	0	2	0	0	0
Total Supply	2475	2010	2083	2695	2022	1787	745	109	2057
Exports	1350	1194	1189	1550	1185	1000	0	0	1300
Use	400	744	741	350	726	740	0	0	742
Loss	50	3	3	50	2	3	0	0	2
Total Dom. Cons.	450	747	744	400	728	743	0	0	744
Ending Stocks	675	70	150	745	109	44	0	0	13
Total Distribution	2475	2011	2083	2695	2022	1787	0	0	2057
Stock to Use	38.57143	3.611971	7.772021	39.21053	5.70382	2.528736	0	0	0.636631
Yield	1211	1213	1211	1177	1209	1028	0	0	1211
	TS=TD						TS=TD		
	1						-109		